

NASA for standard education and land use projects. They have recently been awarded a contract with NASA's John C. Stennis Space Center to map 1,000 square miles of Mississippi's coastal region.

The system engineered by the Whitefish company, in fact, is so far out on the cutting edge that Positive Systems has had to wait for the rest of the world to catch up.

I would like to congratulate Positive Systems on the Certificate of Appreciation. This kind of growth and opportunity for a small Montana business is impressive. As a member of the U.S. Senate Small Business Committee, it is becoming increasingly clear that business owners can effectively reach a global market regardless of where they live. Positive Systems has demonstrated they can compete and succeed.

Thank you, Mr. President, I yield the floor.

#### CONGRESS SHOULD PASS IRS REFORM BY APRIL 15

Mr. FAIRCLOTH. Mr. President, I rise to make a few remarks about legislation to reform the Internal Revenue Service.

Mr. President, April 15 is just around the corner, and I would guess that sometime between now and then, many a taxpayer will curse the IRS, and quite probably the Congress, too, for the tax bill they face. The American people are taxed too much, and they are due for some tax relief this year.

Even figuring out how much tax to pay has become a nightmare. At 17,000 pages, the tax code and regulations are so complicated that no one but a few tax attorneys and accountants who make their living off that tangle of laws can ever hope to understand it, let alone the average working family.

Mr. President, it looks increasingly like the Senate will fail to pass legislation to reform the IRS before adjourning at the end of this week for Easter recess. I am deeply disappointed that we appear unlikely to pass such legislation before April 15. Last week, I asked the Senate leadership to pass IRS reform legislation before April 15. In just a moment, I will describe some of the features I think should be included in such a bill.

The American people deserve an IRS Reform bill as soon as possible. Last December, I held a hearing in Raleigh, North Carolina on IRS abuse of taxpayers. I was shocked at some of the stories I heard. In response, I introduced legislation to create an all private citizen oversight board for the IRS. My bill would give the oversight panel the authority to delve into the auditing and collections practices of the IRS which have lead to well documented abuse of taxpayers. The board would also have oversight of IRS procurement practices. That should help ensure that we never see the IRS waste another \$4 billion, as it did trying to develop a failed computer system.

Why is the Senate about to recess without having passed an IRS reform bill? In the crazy world of Washington, D.C., it seems that when the Congress tries to stop the IRS from improperly collecting taxes, budget rules require that the "loss" of revenue be offset with more taxes, making it almost impossible to clean house at the IRS. And so the Senate has now been diverted over the question of how to "pay" for an IRS reform bill, and which tax increases are least objectionable to use for that purpose.

The referee in such matters is the Joint Committee on Taxation. The accountants and tax experts at this committee review all tax proposals, and make a determination as to which measures result in a loss of revenue, and which are revenue neutral.

No matter what the green eye shade experts say, it just seems wrong to ask the American people to pay for IRS reform. IRS reform legislation should not impose new taxes. Fortunately, there are a great many good ideas for reforming the IRS which even the Joint Committee on Taxation staff have said can be enacted without the need for new taxes.

First among these is the creation of an IRS oversight board, such as the one I have proposed in my own IRS reform legislation, S. 1555. There are a number such reforms which can be implemented without any need for offsetting revenues, including: a requirement that IRS agents explain taxpayers' right to them in interviews; low-income taxpayer clinics; archiving IRS records so that Congress can delve into the inner workings of the agency; cataloging complaints of IRS employee misconduct; prohibiting the IRS from seizing taxpayers' homes in small deficiency cases, among others. One idea that would impose no additional cost, but which I am sure would make a big difference for frustrated taxpayers who struggle to find a person to talk to in within the massive IRS bureaucracy: require that all IRS notices must contain the name and telephone number of an IRS employee to contact.

In fact, of the 75 separate reforms currently being considered by the Senate Committee on Finance, over 50 are revenue neutral, according to the Joint Committee on Taxation. At a minimum, these reforms should be considered as soon as possible. If any revenues are needed to pay for additional reform, I suggest that Congress look first to the IRS's own budget before turning to the American people.

For those who worry that the IRS will not have enough resources to collect taxes, it is worth noting that the IRS budget has grown by a whopping 71 percent in real terms since 1981. Many working families haven't been so fortunate. Simply freezing the IRS budget at 1998 levels would generate an additional \$500 million in savings, which could be applied to offset more costly IRS reforms. That would also help make it clear that Congress considers

taxpayers to be at least as important as the IRS bureaucracy.

Mr. President, I recently wrote an editorial for the Wall Street Journal on the subject of IRS reform, which appeared on March 31, 1998. I ask unanimous consent that this article appear in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. FAIRCLOTH. In conclusion, Mr. President, I believe that the Senate can and should pass IRS reform legislation before April 15. I hope my colleagues will join me in pushing for such a reform bill as soon as possible.

#### EXHIBIT 1

[From the Wall Street Journal, Mar. 31, 1998]

#### WILL IRS REFORM GET "SCORED" INTO TAX INCREASE?

(By Lauch Faircloth)

In the crazy world of Washington, D.C., legislation to reform the Internal Revenue Service is beginning to look more and more like a bill to increase taxes by several billion dollars. This outrage must be stopped, and soon.

Last fall, the House of Representatives passed legislation based on the recommendations of the National Commission on Restructuring the IRS, the so-called Kerrey-Portman Commission. Most of the provisions of that bill are good, commonsense measures that will make the IRS more accountable to the public and reform the way the IRS conducts its business. Some of the "taxpayer bill of rights" provisions, however, have been "scored" by the Joint Committee on Taxation as costing the government revenue. In Washington-speak, this means that these provisions require an "offset"—better known to most Americans as a tax increase.

House bill drafters were creative in finding a "loophole closer" for their IRS reform bill's offset. Their idea is to clarify the deduction for accrued vacation pay, which would net an additional \$2.85 billion over five years. In this case, the loophole closer probably is just that; it's arguable that federal tax court decisions have strayed from the intent of Congress in 1987 legislation concerning the proper treatment of the taxation of vacation pay as deferred compensation. But there are precious few other true loophole closers where that one came from. Virtually every other potential "revenue offset" on the table would come from one of two sources—a laundry list of 43 tax increases proposed by the president, or unspecified tobacco tax settlement money. Either way, they are tax increases.

And there's another problem: The Senate version of IRS reform is shaping up as two to three times more expensive than the bill passed by the House last fall, according to staffers of the Senate Finance Committee. That means that congressional staffers drafting the revised bill must dip into their bag of "loophole closers" (translation—tax increases) suggested by the president to pay for the additional lost revenue to the government.

I find it patently offensive that any reform of the Internal Revenue Service should impose a cost on the American people. After all, the IRS employs more than 100,000 people, 46,000 of whom work in enforcement, with a total budget of over \$8 billion. The entire Drug Enforcement Administration—our frontline defense in the war on drugs—has a staff of only 8,500. The IRS can audit any American at any time, but drug traffickers

would have nothing to fear under the present administration's priorities.

What is the solution? For one thing, the omnibus approach to IRS reform—cobbling together many reforms into one large bill—should be reconsidered. Many worthwhile tax reforms have been “scored” as resulting in no lost revenue to the government. In other words, they don't cost a thing. They should go forward on their own.

Chief among these provisions is an oversight board for the IRS. The House IRS reform bill included such a board. Recall that Treasury Secretary Robert Rubin originally opposed that idea, until the president gave it his surprise endorsement. What followed was a series of negotiations between Congress and the administrations over the makeup of such a board. The board is still too weak, and I have offered my own legislation to create a board of nine members, all private citizens. I do not think the Secretary of the Treasury, the Commissioner of the IRS or the IRS employees' union representative should be on such a board, as they would be under the House version. That's just too much like the fox guarding the hen-house.

Other provisions that do not result in lost revenue to the federal government include strengthening the office of the taxpayer advocate; prohibiting executive branch influence over taxpayer audits; changing the way IRS records are archived to provide greater oversight; establishing low-income taxpayer clinics; and reforming certain sections of the tax code that were intended to provide taxpayer privacy protections, but that IRS attorneys have instead used to shield the IRS's inner workings from congressional oversight.

If offsets are needed, let's look first at the massive \$8 billion budget of the IRS itself before turning to the taxpayers. That budget has increased 71% in real terms since 1981. Merely keeping the IRS budget at last year's levels would yield half a billion dollars. Also, don't forget that the president's own budget plan has a list of more than \$30 billion in suggested spending cuts. That would more than pay for even the most ambitious tax reform, as long as Congress holds the line on new federal spending. And before we dismiss waste and fraud as a source of savings, recall that the Social Security Administration has just uncovered a very expensive scam—prison inmates have been receiving as much as \$3.46 billion in improper Social Security checks each year. That money could help save Social Security and clean up the IRS.

The bottom line is this: The American people should not be asked to pay for IRS reforms. Congress should focus on trimming the IRS budget, or using the savings from federal spending cuts suggested by the president to clean house at the IRS. That way, Congress can offer the American people some much-needed relief, without a dose of castor oil.

#### PRODUCT LIABILITY AND BIOMATERIALS ACCESS

Mr. FRIST. Mr. President, each year, American companies are forced to lay off workers or shut down entirely, but it's not because of hard economic times. Instead, the costs of product liability insurance and outrageous damage awards are driving them out of business. We now live in the most litigious society on earth. Our courts are packed with frivolous lawsuits filed by people seeking multi-million dollar payments for modest damages. As a result, we are all paying a huge price—from the job market to the super-

market. Let us take the first step by reforming the product liability system.

Congress did just that, when it sent President Clinton the Product Liability Legal Reform Act. This legislation was a carefully crafted bipartisan bill that, among other things, would have limited most punitive damage awards to twice the plaintiff's compensatory damages, or \$25,000—whichever is greater. The bill would have simply injected predictability and sanity into our out-of-control legal system and protected American companies from unfair and outrageous damage awards.

The American people and America's employers, however, were dealt a big blow when President Clinton vetoed this bipartisan, common-sense reform effort. Almost 90 percent of the American people supported the bill. Consumers already pay 30 percent more on the price of a step ladder and 95 percent more for the price of childhood vaccine due to outrageous product liability costs, and we simply can't afford to pay any more. American workers and businesses needed this bill to help stem the tide of job loss and help create new jobs.

So, why would Mr. Clinton veto this legislation? Possibly because the most vocal opponents of this bill the plaintiff's trial lawyers—were also the target supporters of his re-election effort. The President had a choice to make. He had to choose between the plaintiff's trial bar who provide him millions in dollars in campaign funds, and American workers particularly those in manufacturing jobs. He choose the trial lawyers. Unfortunately, his decision is not only bad politics, is terrible policy for the American People. That's way even many prominent members of this own party in Congress were shocked his veto.

Negotiations continue with the White House on product liability reform, but to date I have seen no significant movement that would constitute real progress. Thus far, only watered-down proposals that attempt to deceive the American people into believing that real reform will take place have been offered.

My purpose in coming to the floor today is to challenge my colleagues to act on real product liability reform. Or, send the one part of this legislative effort that there is some consensus on to the President. I am speaking of Senators McCain and Lieberman's Biomaterials Access Assurance Act.

Every year 7.5 million patients are threatened when medical suppliers choose to discontinue a product because the liability concerns outweigh any potential gains. In my experience as a cardio-thoracic surgeon, you can't overstate the vital nature of bringing the best and newest technology to the operating table. The list of life-saving devices affected is too long to mention. Everything from annuloplasty rings and tissue valves used in valve implantation to the blood filters and cardiotomy reservoirs needed for heart sur-

gery are all at risk of serious shortage if the Congress does not act.

Many implantable devices are already in short supply. At least 14 biomaterials suppliers have limited or stopped selling the raw materials used in the manufacture of devices. Many major suppliers have stopped selling materials to the U.S. market because of liability concerns. Dow Chemical no longer manufactures medical grade resin for the implant market. Dupont has discontinued the supply of Teflon, Dacron, and Delron used in the permanent medical implant industry.

A 1997 study indicated where this problem is going within the next one to three years: U.S. manufacturers will divert resources from research and development to the search for replacement materials; and financial resources for investment will begin to dry up and innovation within our boarders will suffer.

Further, within three to 10 years: A biomaterials “crisis” will occur; major segments of the biomaterials industry will move overseas, killing smaller manufacturers where we see so much innovation today; patients will not have access to life-saving and life-enhancing implants.

Let me be clear: These devices save millions of lives every year. I've used these implants and devices in my own surgical practice to save the lives of hundreds. My hands as a surgeon and my patients are witnesses to the importance of this issue. The time to act is now.

We have another opportunity this year to bring both of these important legislative initiatives to the President's desk. I sincerely hope that both ends of Pennsylvania are up to the challenge.

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

##### EXECUTIVE MESSAGES REFERRED

As in executive session the President Officer laid before the Senate messages from the President of the United States submitting a treaty and sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

#### MESSAGES FROM THE HOUSE

At 12:39 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 87, Concurrent resolution to correct the enrollment of S. 419.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate: